



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

August 16, 2013

Use of Postal Support Employees in Customer Service Operations

Report Number DR-AR-13-006

BACKGROUND:

In the 2010-2015 American Postal Workers Union's National Labor Agreement (National Agreement), the U.S. Postal Service created a new category of non-career employees called postal support employees (PSEs) to increase its workforce flexibility and reduce labor costs. PSEs have no daily or weekly workhour guarantees; however, when scheduled to work, they are guaranteed 2 hours of work or pay.

The Postal Service employed PSEs in May 2011 and provided training at both the national and area levels. In fiscal year (FY) 2012, salaries and benefits in customer service operations were over \$6.5 billion, more than \$575 million (or 9 percent) of which was overtime costs. As of May 31, 2013, there were 11,443 PSEs (18.5 percent of career employees) and 61,961 career employees on the rolls in customer service operations. Our objective was to evaluate the use of PSEs in customer service operations.

WHAT THE OIG FOUND:

The Postal Service showed incremental increases in using PSEs in customer service operations in FY 2012 and achieved significant labor cost savings totaling over \$233 million. However, it ended the year with a PSE usage rate of only 10.5 percent, about half of the maximum 20 percent usage rate allowed by the National Agreement.

The low usage rate occurred because of the lengthy hiring process, inconsistent use of PSEs, the absence of goals in FY 2012 to use these employees to reduce overtime costs, and contractual staffing restrictions.

The Postal Service subsequently streamlined the hiring process and set a FY 2013 nationwide goal to reduce overtime costs by using PSEs. We recognized the staffing cap is part of the National Agreement; therefore, we are not making recommendations on these matters. Maximizing the use of lower cost staff provided an opportunity for the Postal Service to avoid overtime costs of \$43.2 million in FY 2012.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Delivery and Post Office Operations, continue emphasizing managers maximize usage of PSEs to reduce overtime costs and meet operational needs.